

IN THE UNITED STATES DISTRICT COURT FOR THE
EASTERN DISTRICT OF MICHIGAN

UNITED STATES OF AMERICA,)	
)	Civil No. 12-13224
Plaintiff,)	
v.)	
)	
LATOYA DADE,)	
)	
Defendant.)	

COMPLAINT

Plaintiff, the United States of America, at the direction of a delegate of the Attorney General and with the authorization of the Chief Counsel of the Internal Revenue Service, a delegate of the Secretary of the Treasury, brings this civil action to recover an erroneous tax refund, and for its Complaint, complains and alleges that:

1. Jurisdiction over this action is conferred upon the district court in 28 U.S.C. §§ 1331, 1340, and 1345, and 26 U.S.C. §§ 7402(a) and 7405.
2. Latoya Dade (“Dade”) resides in West Bloomfield, Michigan, within the jurisdiction of this Court.
3. On or about April 15, 2009, Dade claimed an income tax refund on a tax return (Form 1041) filed in the name of “Latoya E. Dade Trust” with a fiduciary “Latoya Dade Trustee” for the income tax year 2008, reporting an equal amount of income and expenses and federal tax withholdings of \$178,085.00. The return reported that the purported trust had \$0.00 in income tax liability and was entitled to a refund of \$178,085.00.
4. On September 9, 2009, the Internal Revenue Service (“IRS”) issued to Dade as trustee of the purported trust a check in the amount of \$181,175.38, which included the refund claimed

plus \$3,090.38 in statutory interest. Dade cashed that refund check.

5. In fact, the September 9, 2009, refund applied for and made to Dade was an erroneous refund, which was induced by fraud and misrepresentation of material facts. The IRS has no record of any withholdings made by the purported trust. In fact, Dade was not entitled to a refund of any amount, either on her own behalf, or on behalf of the purported trust.

6. On information and belief, the purported trust was and is simply a sham trust used by Dade for the purpose of procuring an erroneous and fraudulent refund.

7. The IRS has demanded that Dade repay the amount of the erroneous refund check, with interest, from the date of payment, September 9, 2009. Despite demands, Dade has refused or failed to return the funds.

8. The IRS has collected \$6,599.43 via various efforts to recover the erroneous refund. The remainder of the erroneous refund amount has not been recovered.

9. The defendant Dade is indebted to the United States in the amount of \$181,175.38, less payments in the total amount of \$6,599.43, plus statutory additions from and after September 9, 2009, including interest pursuant to 26 U.S.C. §§ 6601, 6602, 6621, and 7405(c), and 28 U.S.C. § 1961(c).

WHEREFORE, the plaintiff United States of America demands judgment against the defendant Latoya Dade, in the amount of \$193,090.10 as of June 1, 2012, plus statutory additions from and after June 1, 2012, including interest, its costs in the action, and such other

and further relief as the Court shall deem just and proper.

Respectfully Submitted,

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/s/ Gabrielle G. Hirz

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